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31 Oct 1956

MEMORANDUM FOR: Chairman, Joint Atomic Energy Intelligence Committee

SUBJECT: Economic Research Area Participation in the Development and Production of Economic Intelligence on the Soviet Nuclear Energy Program.

REFERENCE: Memorandum for Assistant Director, Research and Reports, Subject: "Development and Production of Economic Intelligence for NIE 11-2-57 and Subsequent Estimates," dated 15 October 1956, from Chairman, Joint Atomic Energy Intelligence Committee.

1. The Economic Research Area (ERA) has already undertaken several activities in anticipation of the JAEIC request for the development and production of economic intelligence on the Soviet nuclear energy program: 1) an area-wide research project (ORR Project 30.1646 - "Economic Aspects of the Soviet Nuclear Energy Program") involving eight separate components of the ERA has been initiated; 2) a coordinator for nuclear energy matters for ERA, [redacted] has been appointed and an ad hoc committee on the subject has been organized; 3) a section of Military Economics Branch has been established to initiate work on the overall economic intelligence aspects of the Soviet nuclear energy program. In summary, ERA is prepared, and in some areas has already started, to research the areas of interest outlined in your memorandum. ORR documents pertinent to the undertakings discussed above are attached.

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2. The target commodities listed in enclosure 1 of referenced memorandum have been reviewed by the responsible analysts in ERA, and some initial reactions as to the extent and likelihood of success of research undertaken in these areas is included in attachment 1. In light of the high priority attributed by JAEIC to the commodities and services listed, a concerted effort will be made even in areas of research which on initial investigation do not appear fruitful.

3. The hopes expressed in Para. 2 of the referenced memorandum that "estimates of the physical quantities or rates at which particular resources appear to have been and are presently available for use in the Soviet AE Program ... would permit independent assessment of the size of the program" may be somewhat optimistic with respect to the

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4. The comprehensive research program described in Para. 6 of the referenced memorandum is similar in concept to several ORR studies which have been relatively successful in providing comprehensive and useful analyses of the economic factors implied in important Soviet programs: NIE 11-4-54 and NIE 11-5-56, Guided Missiles; NIE 11-5-55, Air Defense; NIE 11-4-56, Military Economic Programs. To implement this purpose, ERA will initiate an economic program analysis of the Soviet atomic energy program in conjunction with and as an extension of the economic program analysis planned for NIE 11-2-57.

5. ERA appreciates the invitation to become thoroughly familiar with the pertinent data which have been developed within various JAEIC organizations. These contacts are essential to prevent the delays involved in duplicating already existing files of data and to facilitate the prompt production of new economic intelligence on the subject.

6. ORR is very interested in the "Economic Working Group" referred to in Para. 5 of the referenced memorandum and would appreciate being advised of the terms of reference under which this working group operates, its objectives, and its current membership. This information will permit us to nominate appropriate representatives.

Assistant Director

Attachments (3)

- 1 - Target Commodities for Economic Studies by ORR
- 2 - Memorandum from Chief, Economic Research dated 18 Oct 56
- 3 - Project Action Memorandum for Project 30.1646

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